



In Iowa's Interest:

New Legislation Increases College Affordability

by Senator Tom Harkin

For middle-class families in Iowa – and across the country – one of the biggest challenges comes when their children reach college age. The question around the kitchen table is “How do we pay for college? And what do we do when our children become too old to stay on the family’s health insurance plan?”

Today, we address this challenge head-on. As a result of the health reform legislation passed by Congress, adult children will be allowed to stay on their parents’ health insurance plans until age 26. And the bill increases the maximum Pell Grant for college students from \$5,550 in 2010 to \$5,975 by 2017. This combination is a win-win for middle-class families.

The recently passed bill reforms the student lending program by eliminating \$61 billion in wasteful subsidies to banks, and redirecting most of the savings to low-income college students in the form of increased Pell Grants, including \$291.7 million in aid for students in Iowa. Starting in 2013, the grant will be linked to match rising costs of living by indexing it to the Consumer Price Index for five years. During the 2008-2009 academic year, 59,778 Iowans relied on Pell Grants to go to college.

Graduates also need our help to manage the crushing burden of student loan debt, which negatively affects important life decisions and discourages graduates from entering low-paying but vital public service jobs that benefit our entire society. This bill strengthens the existing Income-Based Repayment program. Beginning in 2014, student loan borrowers will be able to choose a new repayment plan that guarantees their monthly loan payments will never exceed 10 percent of their discretionary income. They will also be eligible for loan forgiveness after 20 years of repayment.

A major obstacle to increasing college enrollment among low-income students is the lack of information about financial aid and postsecondary opportunities. This bill makes investments to bolster college access and provides other supports for students, including a total of \$7.5 million for Iowa students, through the College Access Challenge Grant program. This program provides funding to every state to focus on informing students about college options and financing, increasing financial literacy and helping retain and graduate students.

Community colleges in Iowa provide critical pathways to better employment and further education for a wide range of students. This bill provides support for community colleges to invest in education and employment training opportunities for individuals who have been adversely affected by a changing economy, the recession and other barriers to employment.

With passage of this legislation to increase college affordability, coupled with health care reform, it has truly been a big, historic couple of weeks in the Nation’s Capital. Despite all the talk about how America has become divided and ungovernable, we have proved not only that we are governable, but also that we still have the capacity to act with boldness and vision, and to improve the economic security of working families and make college more affordable for Iowans of all walks of life.